Title: Workplace Disruption – The Impact on Company Culture

Statement of Purpose: At the beginning of the COVID-19 Pandemic in 2020 the GIPC organized a work group focused on analyzing the impacts of the pandemic upon the Electronic Components industry. The work group concentrates on developing a thorough understanding of the challenges and staying well-informed of the rapidly changing environment, by sharing experiences and analyzing the merits of potential responses to disruptions caused by the pandemic.

Design: The work group has produced a unique set of insights that are specific to the electronic components industry. The construction of this document is intended to define the primary areas of impact and educate and raise awareness as it relates to certain universal challenges created for companies operating within this industry.

Background: As stated, since the start of the pandemic in 2020, the GIPC has been monitoring the impact of the crisis on the workplace by means of a dedicated work group. The mission of the group is to develop a thorough understanding of the challenges of managing the impact of the pandemic on people working in the electronic component industry. It originally focused on understanding how companies could safely begin to re-engage with customers and business partners as the initial wave of the disease abated. The group's mandate then evolved into compiling various work from home and return to office policies, resulting in the publication of the report, "Workplace Disruption: How it is Changing…' in January 2022. Since the publication of that report, the group has continued to meet, and the discussions have evolved to an analysis of the more long-term impacts of current business conditions on employees and company culture.

The work group is made up of executives from electronic component manufacturers, their distributors and manufacturer rep firms; both small and large companies are represented. This is a diverse group with many perspectives, offering unique insights on issues affecting a broad range of industry issues related to the workplace. While the goal of this report is to discuss the impact of the pandemic on corporate culture, we will digress onto other sideroads. We believe these excursions will be valuable. Our goal is to tackle the topics our organizations are grappling with and provide some perspective, commentary, and actionable suggestions to help build a company culture that attracts talent and functions as a differentiator in the marketplace.

Challenges to Corporate Culture from Hybrid and Remote Work Models

Employee complaints about stress from difficulties maintaining a healthy work-life balance began long before the COVID-19 pandemic. So, it is perhaps not surprising that the unprecedented safety protocols necessary to prevent the spread of the disease that forced so many to work from home became very popular, especially for families. Employees suddenly found themselves saving money

and time and gaining more flexibility in childcare. They got their work done and they could spend more time with their families. Why would they want to go back to 40+ hours in the office? Savvy employers who recognized the trend took advantage of the situation to lure talent from competitors as work from home quickly evolved from a safety protocol to a recruiting tool.

While many things can influence company culture, the remote and hybrid models have become one of the most impactful disruptions, affecting all employees in our industry and beyond. While the work from home policies emerging from the pandemic vary dramatically from state to state in the different parts of the country, challenges to corporate culture are almost universal. Aside from well-publicized trends such as 'The Great Resignation' and "Quiet Quitting' with their impacts on hiring and employee retention and employee burnout ('zoom fatigue') there is very little discussion of the long-term impact on the culture because this is such a new phenomenon.

As this report is being written in mid-2022, return to office policies are still in flux. But the impact on corporate culture is starting to unfold. Employees are realizing that they are missing out. They say they 'hear about the culture, but don't actually experience it' because they are not in the office. Many employees that were hired recently have only experienced the culture through their computer screen.

Managers should be aware that there must be a 'critical mass' of employees on a team in the office at the same time to ensure that the advantages of being in the office are felt by those that go in to work on a given day. If only one of two from a department show up, those employees can feel very disoriented and lonely. They have a negative experience and therefore decide they don't want to come in. This creates a 'vicious cycle' of negativity, which is then offset by fear of missing out (FOMO) when they don't come in and something interesting happens. It can be the worst of both worlds. This is something that managers must carefully monitor and offset by scheduling hybrid models to ensure that a 'critical mass' of team members are in the office at the same time. Policies and scheduling must confront this balancing act to ensure that the working environments in the office are lively and promote engagement within and across the departments. It's not an easy task.

Human nature is such that the ability to interact face to face with management and the executive team can be a powerful motivating force. This is particularly true for those looking for opportunities to prove themselves, or to gain visibility to enhance their careers. However, if these opportunities are not realized when they do come into the office, that can create frustration and dissatisfaction. When everyone was in the office five days a week, unscheduled encounters and informal interactions occurred more often. With remote or hybrid models, leaders will have to be more deliberate in enabling those important interactions to happen.

Some Considerations on Maintaining and Building a More Resilient Culture

Leadership is key in creating a positive and attractive corporate culture. It doesn't just happen. Managers must lead by example and their attitudes and adaptation to whatever policies are being implemented will be closely watched. There can't be different rules for managers. The work group found many good examples of supervisors and team leads coming into the office more often than their direct reports and, make no mistake, that fact was an important factor in the acceptance of the policies throughout the organization.

Empathetic and caring leaders are critical; building an organization full of them requires a robust mentorship program. Find and encourage those people within the organization that understand culture, buy in to the vision and are excited to help build a positive place to work. These empathetic people can be found at all levels of the org chart and getting as many people involved as possible ensures the best outcomes.

Shared experiences are the foundation of a company culture. Create these encounters, whether virtual or in-person. There are many ways to connect people besides company picnics, although that's a good one. Social mixers, gift certificates for remote lunch events are some ideas, but the creative types in the company will have many others. These can be corporate level, or department level. The important thing is that they are things the team members themselves value. Which brings up a very critical consideration: the importance of knowing what your employees are thinking.

Managers almost inevitably have assumptions about what their employees want and value. The only way to remove management bias and assumptions is to ask the employees themselves. This can't be just a one-time survey that only a small percentage of employees bother to fill out. It takes time to get the total picture from a broad base of employees at every level. It is very important. Managers must understand that the current business environment, especially in our industry, has created a highly stressful situation across the board for most employees. They have been putting out fires for months without relief. These conditions do take a toll on employees who may conclude that while they do have to work, they don't have to work in their current environment. It's not just about money. Recognition, empathy from management and support may be just as important, but you don't know until you find out from your employees themselves how they are doing.

Measuring Productivity – a Double-Edged Sword

One of the thorniest issues for managers in the hybrid/ work from home models emerging from the pandemic is how to measure worker productivity. The adage, 'not everything we count, counts; not everything that counts can be counted' applies here. If managers are looking over their employees' shoulders digitally, or in reality, they risk generating resentment and creating a culture of mistrust, thereby reducing productivity. Humans can sometimes react unexpectedly to attempts to control them.

Yet any business requires managers to keep track of what the people on the payroll do with their time. Managers must find a balance between trusting and verifying. New productivity measurement tools are being developed in response to work from home trends. The work group uncovered ways to track log in-log out times, number of emails sent, number of online meetings attended and so forth. The number of these types of tracking tools has increased dramatically.

Some organizations have rejected this type of monitoring entirely and prefer to trust that the teams will police themselves. They conclude that employees generally want to meet their co-workers' expectations. Most want to do a good job. Considering the tracking tools only apply to work from home, and these measures actually go down when people go into the office, they conclude that the data is probably not useful for understanding the true productivity picture. Companies acknowledge and encourage their employees to spend more time connecting, interacting and supporting one another, understanding that these outcomes are more difficult to track. Building a sense of community is very important to help avoid burnout, but how do you measure it?

Traditional productivity measures, e.g. revenue per employee, are dependent on the business cycle. In this period of unprecedented disruption caused by conditions completely outside the control of the employee, it's important for managers to anticipate future declining business cycles. Be sure you are measuring your employees in ways that are within their control. The electronic component industry has been very hot. What happens when the cycle turns down? Make sure your productivity measurement system accommodates market conditions.

Suggestions for Leadership

At the risk of overusing the word, it's clear that business conditions during the first half of 2022 have been unprecedented, especially in the components industry. The combination of supply chain upheaval, wide variance in COVID protocols, political uncertainty, the war in Europe and constant disruption – these are things no one has any history dealing with. These are truly uncharted waters. Everyone is learning and adapting. Leaders are cautioned to craft their 'new normal' policies purposefully.

It is impossible to go back to pre-COVID ways of doing business. Those days are gone, but it's perfectly ok to adapt the building blocks of your company's mission and culture to create a new foundation for your business that will help it flourish in today's operational environment. Don't over-react to temporary disruptions. Once the policies are designed and implemented, stay the course.

Managers must also acknowledge that the work environment has resulted in more emotionally drained people who are more fragile and difficult to work with. This is just the reality. Discuss this with your people and help them become more aware of the importance of learning personally how to deal with stress. Create environments where people learn how to deal with confrontations appropriately. There are techniques that work to de-escalate situations. This could be a topic management needs to deal with especially for customer-facing employees, as they bear the brunt of many unpleasant encounters. Customer service, technical service, order entry and sales professionals are on the front lines of the stress. These employees need to feel like their managers understand and support them

Creating a feeling of connectedness can alleviate these negative encounters. Executives can use social media to connect with their employees; respond to posts, provide positive feedback. Simple things like encouraging everyone to be on-camera and not audio only can have benefits when teams are meeting virtually. Employees want to feel like they are working with a purpose beyond just collecting a paycheck. Communicate the difference your organization makes in the world. Engage your employees and immerse them in cultural outings that build feelings of goodwill. One great tip is team building through service in the community, e.g. Habitat for Humanity.

Conclusion

The GIPC and the members of this work group will continue to meet and address topics around company culture, COVID and other workplace disruption trends. There is mutual benefit and value in the continued sharing surrounding this day to day and long-term challenges as things evolve.

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Acknowledgements:

Subject member experts from ECIA member companies and reviewers.
The subject matter expert (SME) working group encompassed various ECIA member companies and included inputs from multiple survey results.

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